

Industry Brief

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The Public Service Commission (PSC) of Utah has approved PacifiCorp's proposal to purchase up to 25 MW of energy generated by Tesoro Refining and Marketing Co. at Tesoro's gas-fired cogeneration facility in Salt Lake City. Under terms of the power purchase agreement, Tesoro will have the option to deliver approximately 12 MW/hour to PacifiCorp at \$59.50/MWh during on-peak periods and approximately 7 MW/hour at \$27.88/MWh during off-peak hours. The PSC estimated that Tesoro could sell approximately 190,000 MWh of power to PacifiCorp over the life of the one-year agreement, which expires Dec. 31, 2008. Tesoro will receive energy-only compensation and no capacity payment for the power delivered during the term of the agreement. The PSC also approved a power purchase agreement allowing PacifiCorp to purchase up to 31.8 MW of energy generated by Kennecott Utah Copper Corp. from a waste heat-fired cogeneration facility in Magna, UT.

Under the agreement, Kennecott will deliver power at \$41.40/MWh, regardless of time of day or season and, like Tesoro, will receive energy-only compensation through the end of 2008.